

**CITY OF EVERLY, IOWA
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2013**

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CITY OF EVERLY, IOWA

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Verland (Bud) Meyer	Mayor	December 31, 2013
Ron Thompson	Council Member	December 31, 2013
Jeanette Palmer	Council Member	December 31, 2013
Brad Behrens	Council Member	December 31, 2015
Tara Patrick	Council Member	December 31, 2015
Cathy Adkins	Council Member	December 31, 2015
Janice Thompson	Finance Officer/City Clerk	
Dennis Cmelik	Attorney	

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Certified Public Accountants

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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Officials of the City of Everly, Iowa (City):

We have performed the procedures listed in the attached schedule, which were agreed to by the Officials of the City of Everly, Iowa and the Iowa Office of the Auditor of State (the specified parties), to the applicable financial and accounting records of the City solely to assist the City in meeting the requirements of Chapter 11 of the Code of Iowa for the year ended June 30, 2013. Management of the City is responsible for the financial and accounting records of the City. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose.

Our procedures, findings, and recommendations are listed in the attached schedule.

We were not engaged to and did not conduct an audit or examination, the objective of which would be the expression of an opinion on the financial and accounting records of the City. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the Officials of the City of Everly, Iowa and the Iowa Office of the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Winther, Stave Co., LLP

June 5, 2014

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

GENERAL PROCEDURES	FINDINGS	RECOMMENDATIONS
A. Minutes:		
1. Read minutes for the fiscal year ended June 30, 2013.	No exceptions noted.	
2. Select four (4) meetings during the year being examined and determine whether:	Signed copies of the March 18, 2013 meeting were not available.	We recommend the City make sure signed copies of Council minutes be maintained.
a. Minutes were properly signed as required by Chapter 380.7 of the Code of Iowa.		
b. Meetings were preceded by proper notice. (Chapter 21.4 of the Code of Iowa).	No exceptions noted.	
c. The minutes show information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa.	No exceptions noted.	
d. The passage of ordinances, amendments or resolutions were by a majority vote of all the members of the City Council rather than a majority vote of a quorum of the City Council as required by Chapter 380.4 of the Code of Iowa.	No exceptions noted.	
e. Minutes document the City Council followed proper proceedings for any closed sessions. (Chapter 21.5 of the Code of Iowa).		
i. The session was closed by affirmative roll call vote.	No exceptions noted.	
ii. The specific exemption under Chapter 21.5 of the Code of Iowa.	We noted that the Council went into closed session on May 20, 2013, but the minutes did not state the specific exemption for the closed session.	We recommend the Council specify the specific exemption under Chapter 21.5 of the Code of Iowa prior to going into closed session.
iii. Final action was taken in open session.	No exceptions noted.	

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

GENERAL PROCEDURES	FINDINGS	RECOMMENDATIONS
f. Minutes were published (or posted) within 15 days of the meeting as required by Chapter 372.13(6) of the Code of Iowa and included:	We noted the minutes of the July 16, 2012 were not published until August 2, 2012.	We recommend the City make sure minutes are published within 15 days as required by the Code of Iowa.
i. Total disbursements from each fund. ii. A list of all claims allowed (including the reason for the claim). iii. A summary of all receipts. iv. A summary of ordinances or amendments adopted.	No exceptions noted. No exceptions noted. No exceptions noted. No exceptions noted.	
B. Obtain copy of City's June 30 financial statement(s) and/or reports.	No exceptions noted.	
C. Obtain a listing of the surety bond coverage for all officials and employees required by Chapters 64.13 and 64.15 of the Code of Iowa.	No exceptions noted.	
D. Request the City Clerk complete an internal control checklist.	We noted an overall lack of adequate segregation of duties due to the small staff size.	The City Council should consider additional steps which may be needed to mitigate the effects of the lack of segregation of duties due to limited number of staff.
E. Immediately contact the Manager/Partner if fraud or embezzlement is suspected. Ensure the appropriate officials are notified after contacting the Manager/Partner. Chapter 11.6 of the Code of Iowa requires a CPA firm and the City to notify the Auditor of State immediately regarding any suspected embezzlement, theft or other significant financial irregularities. If federal funds are involved, the appropriate U.S. Regional Inspector General should be notified.	No such circumstances noted.	

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

CASH AND INVESTMENTS PROCEDURES	FINDINGS	RECOMMENDATIONS
A. Observe cash on hand, if any.	No exceptions noted.	
B. Obtain one (1) monthly Clerk's report, recalculate the report totals and trace ending fund balances to the general ledger.	No exceptions noted.	
C. Cash In Bank and Investments:		
1. Inquire whether bank reconciliations are performed monthly.	No exceptions noted.	
2. Inquire whether bank reconciliations are reviewed by an independent person.	No exceptions noted.	
3. Obtain bank reconciliations for two (2) months and perform the following:		
a. Agree reconciling items other than outstanding checks to supporting documentation.	No exceptions noted.	
b. Recalculate the bank reconciliation(s).	No exceptions noted.	
c. Not used.		
d. Obtain a list of outstanding checks at the end of the selected month(s). Determine the list of outstanding checks includes check number, amount and date written for each listed check and the listed outstanding checks subsequently cleared the bank.	No exceptions noted.	
e. Trace reconciled balance for selected months to general ledger account balances and to monthly reports provided to the City Council.	No exceptions noted.	
4. Inquire whether the unclaimed property report per Chapter 556.1(12) of the Code of Iowa has been submitted to the State Treasurer annually before November 1 as required by Chapter 556.11 of the Code of Iowa.	No report required in 2013.	

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

CASH AND INVESTMENTS PROCEDURES	FINDINGS	RECOMMENDATIONS
5. Obtain a copy of the current depository resolution and inquire whether the depository resolution includes all depositories used by the City and has been approved as required by Chapter 12C.2 of the Code of Iowa.	No exceptions noted.	
6. Obtain a copy of the City's adopted written investment policy as required by the provisions of Chapter 12B.10B of the Code of Iowa.	No exceptions noted.	
7. Obtain a schedule of investment transactions and balances for the same two (2) months (selected in procedure 3 above) and trace applicable investment balances to the bank reconciliations.	No exceptions noted.	
8. Determine investments held at the end of the selected months were allowed by the City's adopted investment policy and statutory provisions of Chapter 12B.10 of the Code of Iowa, as applicable.	No exceptions noted.	

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

LONG-TERM DEBT PROCEDURES	FINDINGS	RECOMMENDATIONS
A. For general obligation, special assessment and revenue bonds or notes:		
1. Obtain a schedule of all bond and note payments and determine general obligation debt payments were recorded in the Debt Service Fund as required by Chapter 384.4 of the Code of Iowa.	Long-term debt procedures are not applicable. No bonded debt at June 30, 2013. The only debt noted was an inter-fund loan and a construction agreement with Clay County to reimburse the County for a resurfacing project. The County has not determined the amount to be reimbursed.	
2. Obtain a schedule of all bond and notes issued during the current year and documentation of procedures for bonds or notes sold during the current year as required by Chapters 75, 384 and 403.9 of the Code of Iowa.		
B. Inquire whether other long-term debt exists (lease-purchase agreements, deferred payment contracts, real estate contracts, loans, TIF development agreements, local option sales tax debt) and whether the debt is accounted for accurately.		
C. Issuance of Debt:		
1. Review authorization for any additional issuances during the year being examined.		
2. Determine debt proceeds were properly recorded in the City's general ledger and trace proceeds to cash receipts record and bank statement.		

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

TAX INCREMENT PROCEDURES	FINDINGS	RECOMMENDATIONS
A. Determine tax increment financing (TIF) collections per State confirmation were properly recorded in a separate Special Revenue Fund (TIF fund) as required by Chapter 403.19 of the Code of Iowa.	Tax increment procedures are not applicable. The City does not collect any tax increment financing.	
B. Determine the TIF collections in the TIF fund, if paid out, 1) were disbursed or transferred to pay TIF obligations, as defined above, that, per inquiry of client, qualify for payment (within the urban renewal plan) from TIF collections and 2) such obligations were previously certified to the County Auditor as TIF debt and/or LMI.		
C. Determine the following regarding the Tax Increment Debt Certificate obtained from client:		
1. A) The amounts certified (Form 1 and Form 1.1 for TIF debt not previously certified – or equivalent document) were agreed to supporting documentation and, per inquiry of client, represent loans, advances, or other qualified indebtedness or bonds which qualify for payment from the TIF revenues for each urban renewal area in the City as required by Chapter 403.19(5)(a) of the Code of Iowa and B) the certificate was filed by December 1.		
2. The City used Form 2 (or an equivalent document) to properly reduce TIF request if/when the total amount of the legally available TIF increment tax was not wanted.		
3. The City certified (Form 3 or an equivalent document) a reduction to the amount previously certified by December 1 in the year action was taken, if any, which resulted in the reduction, as required by Chapter 403.19(5)(b) of the Code of Iowa.		

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

TAX INCREMENT PROCEDURES	FINDINGS	RECOMMENDATIONS
D. Annual Urban Renewal Report 1. Obtain the urban renewal report due December 1 st of the fiscal year under examination and determine the: a. Report was approved by the City Council and completed/filed on or before December 1 st .		
b. Amounts reported on the Levy Authority Summary agree or were reconciled with City records.		
2. Obtain the City's detailed TIF obligations (debt) listings and determine "TIF Debt Outstanding" on the Levy Authority Summary includes the following: a. <u>Certified Debt</u> - TIF obligations outstanding, including principal and interest, certified to the County Auditor as of July 1 st of the period covered by the urban renewal report and ,		
b. <u>Certifiable Debt</u> - Outstanding TIF obligations incurred during the fiscal year covered by the urban renewal report, including annual appropriation debt not yet certified.		
3. Inquire whether rebate agreements, if any, have been properly reported as project(s), including total debt and expense.		
4. Inquire whether TIF collections remaining after an urban renewal area is no longer active, if any, were returned to the County Treasurer as required by Chapter 24.21 of the Code of Iowa.		
E. For urban renewal areas with public improvements related to housing and residential development, inquire whether if assistance for low and moderate income (LMI) housing was provided in accordance with Chapter 403.22 of the Code of Iowa.		

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

FUND BALANCE PROCEDURES	FINDINGS	RECOMMENDATIONS
A. Inquire whether the City is using fund accounting and each fund is properly classified in accordance with the Uniform Chart of Accounts.	No exceptions noted.	
B. For enterprise funds with deficit balances, inquire if there is a net earnings violation (book transfers are made to sinking accounts per the bond/note resolution, but if the operating accounts are in a deficit position, the sinking accounts are not backed by cash).	No exceptions noted since the solid waste fund with a deficit balance is not subject to a net earnings requirement.	
C. Inquire whether projects are appropriately accounted for in separate capital projects accounts.	No capital projects noted.	
D. Inspect journal entries made directly to the general ledger.		
1. Select two journal entries and determine whether:		
a. The journal entries are supported by documentation.	No exceptions noted.	
b. The journal entries are approved by an independent person and there is documented evidence of the approval.	We noted that journal entries are not approved by an independent person.	We recommend journal entries be approved by an independent person.
E. Annual Financial Report (AFR):		
1. Compare AFR to City's general ledger to determine if the following amounts agree. a. Beginning and ending fund balances. b. Road Use Tax transactions reported in the Special Revenue fund. c. Total receipts and disbursements.	No exceptions noted.	
F. Transfers:		
1. Obtain a list of all fund transfers during the year.	No exceptions noted.	

CITY OF EVERLY, IOWA
AGREED-UPON PROCEDURES PERFORMED
FOR THE YEAR ENDED JUNE 30, 2013

FUND BALANCE PROCEDURES	FINDINGS	RECOMMENDATIONS
2. Select two transfers and agree to supporting documentation.	No exceptions noted.	
3. Determine transfers were recorded in the general ledger in the intended fund.	No exceptions noted.	
4. Trace transfers selected in F.2. to approval in the minutes or budget, as applicable.	No exceptions noted.	

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

RECEIPTS PROCEDURES	FINDINGS	RECOMMENDATIONS
A. Inquire whether the City is using the Uniform Chart of Accounts to classify receipts in the general ledger.	No exceptions noted.	
B. For one month during the fiscal year, reconcile deposits per the bank statement to general ledger receipts and discuss with client the possibility of undeposited receipts.	No exceptions noted.	
C. Property Tax:		
1. Observe that electronic deposit of twelve monthly property tax payments during the year are listed on bank statements.	No exceptions noted.	
2. Trace one month's property tax collections to general ledger posting.	No exceptions noted.	
3. Total property tax collection for the fiscal year and compare the total to the final budget.	We noted the total property taxes collected for the fiscal year exceeded the budget by \$552.	
D. Governmental Revenue:		
1. Obtain copy of State confirmation from the Auditor of State's Office and obtain from client a reconciliation of amounts per confirmation with the general ledger.	No exceptions noted.	
E. Enterprise Revenues (Water, Sewer, Electric, etc.):		
1. Obtain a copy of a year-end list of delinquent accounts.	No exceptions noted.	
2. Obtain a copy of one monthly reconciliation of billings and collections.	Not available.	
a. If not available, compare total amounts billed per billings register to amounts deposited in the bank account in following month.	Total billing on May 1, 2013 was \$65,524 including \$17,156 in arrears. Collections in May 2013 totaled \$52,118.	

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

RECEIPTS PROCEDURES	FINDINGS	RECOMMENDATIONS
b. If available:		
1) Agree total billings to billings register and collections to amounts deposited in the bank account.	Not available.	
2) Not used.		
3. Obtain listing of all City officials' accounts (including the Utility Clerk's account). For Utility Clerk and one other official, trace billing from a selected month to collection/deposit in the bank account.	No exceptions noted.	
F. General:		
1. Obtain receipts detail for miscellaneous receipts during one month of fiscal year and agree to supporting documentation.	No exceptions noted.	
2. Obtain deposit tickets for one month and list the amounts of currency deposited by types of receipts received in currency.	No exceptions noted.	
G. Inquire whether local option sales tax receipts were expended as required by local ballot provisions. Obtain a copy of the ballot authorizing the local option tax.	No exceptions noted.	

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

DISBURSEMENTS PROCEDURES	FINDINGS	RECOMMENDATIONS
A. Obtain a schedule of all related party transactions with officials or employees and inquire whether transactions were entered into in compliance with Chapter 362.5 of the Code of Iowa.	No exceptions noted.	
B. Obtain disbursement journal or detail for miscellaneous disbursements during one month of fiscal year and agree to supporting documentation.	No exceptions noted.	
C. From a list of all cancelled checks/images:		
1. Request a list of all checks to City personnel (non-payroll), occasional or one-time vendors, and "Cash", and inspect checks payable to the City Clerk and other personnel authorized to issue/sign checks.		
a. Total amount and frequency of inspected checks.	Total amount was \$7,934 representing 37 payments.	
b. Trace inspected checks to supporting documentation.	No exceptions noted.	
2. Select five (5) consecutive checks from alternating months and agree:		
a. The disbursement to supporting documentation.	No exceptions noted.	
b. The amount and payee on the check to the general ledger posting.	No exceptions noted.	
c. Disbursement to authorization by the City Council.	No exceptions noted.	
d. Credit card transactions to approval and supporting documentation.	No exceptions noted.	
e. The disbursement to documentation as to how the expenditure meets the test of public purpose, if any.	No exceptions noted.	
D. Inspect all bank statements for erasures/alterations.	No exceptions noted.	

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

DISBURSEMENTS PROCEDURES	FINDINGS	RECOMMENDATIONS
E. If canceled checks are not received with bank statements, determine whether both the front and back of electronic check images are received as required by Chapter 554D.114(5) of the Code of Iowa.	No exceptions noted.	
F. Inquire whether the City applied for and received sales tax refunds on completed projects unless an exemption certificate was issued by the City for the contractor as required by Chapter 423.3(80)(b) of the Code of Iowa.	No completed capital projects during the year ended June 30, 2013. If applicable, the City issues exemption certificates.	
G. Obtain a schedule of disbursements by function and compare with the budget or amended budget.	Disbursements did not exceed budgeted amounts.	

CITY OF EVERLY, IOWA
 AGREED-UPON PROCEDURES PERFORMED
 FOR THE YEAR ENDED JUNE 30, 2013

PAYROLL PROCEDURES	FINDINGS	RECOMMENDATIONS
A. Select five (5) payroll transactions from throughout the year to determine:		
1. Authorization for gross pay or hourly rate by City Council.	No exceptions noted.	
2. Approval of hours worked is documented.	No exceptions noted.	
3. The number of hours paid per the payroll journal agrees to hours worked per approved timesheets (for hourly employees).	No exceptions noted.	
B. City Clerk and/or Payroll Clerk Pay:		
1. If salaried, reconcile the approved salary for the City Clerk and payroll clerk to the City Council approved salary.	Not applicable. City Clerk is paid hourly.	
2. If hourly, test one selected paycheck each for the City Clerk and payroll clerk to determine the hourly rate paid agrees to the Council approved hourly rate.	No exceptions noted.	
C. Obtain documentation showing wage increases are approved by the city Council as an hourly rate or salary and not just a percentage increase.	No exceptions noted.	
D. Inspect copies of Forms 941, W-2, and 1099 filed with the IRS.	No exceptions noted.	